

FORM
2

Rev
08/16

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

401158175

Date Received:

01/03/2017

APPLICATION FOR PERMIT TO:

☒ Drill ☐ Deepen ☐ Re-enter ☐ Recomplete and Operate

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____

Refiling ☒

ZONE TYPE SINGLE ZONE ☐ MULTIPLE ZONES ☒ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: Eck 12-90-1

Well Number: 3

Name of Operator: SG INTERESTS I LTD

COGCC Operator Number: 77330

Address: 100 WAUGH DR SUITE 400

City: HOUSTON

State: TX

Zip: 77007

Contact Name: Tracy Arnett

Phone: (970)3850696

Fax: (970)3850636

Email: tarnett@sginterests.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20030098

WELL LOCATION INFORMATION

QtrQtr: Lot 1 Sec: 1 Twp: 12S Rng: 90W Meridian: 6

Latitude: 39.048110

Longitude: -107.390540

Footage at Surface: 455 Feet FNL/FSL FNL 929 Feet FEL/FWL FEL

Field Name: WILDCAT

Field Number: 99999

Ground Elevation: 7544

County: GUNNISON

GPS Data:

Date of Measurement: 09/17/2012 PDOP Reading: 0.2 Instrument Operator's Name: David Nicewicz

If well is ☒ Directional ☐ Horizontal (highly deviated) submit deviated drilling plan.

Footage at Top of Prod Zone: FNL/FSL FNL/FWL Bottom Hole: FNL/FSL FNL/FWL
565 FNL 816 FEL 565 FNL 816 FEL
Sec: 1 Twp: 12S Rng: 90W Sec: 1 Twp: 12S Rng: 90W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Surface Owner is: ☒ is the mineral owner beneath the location.

(check all that apply) ☒ is committed to an Oil and Gas Lease.

☐ has signed the Oil and Gas Lease.

☒ is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: Surface Surety ID:

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

See attached lease description.

Total Acres in Described Lease: 2400 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease #

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 565 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 5280 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 455 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: ☐ Buffer Zone ☐ Exception Zone ☐ Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government:

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners:

SPACING and UNIT INFORMATION

Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 3612 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 5280 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Bull Mountain Unit Number: COC67120X

SPACING & FORMATIONS COMMENTS

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
ROLLINS	RLNS			
WILLIAMS FORK COAL	WMFKC			

DRILLING PROGRAM

Proposed Total Measured Depth: 3660 Feet

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells:

Enter distance if less than or equal to 1,500 feet: _____ Feet ☒ No well belonging to another operator within 1,500 feet

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: ☒ Annular Preventor ☒ Double Ram ☒ Rotating Head ☐ None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted? _____

Reuse Facility ID: _____ or Document Number: _____

CASING PROGRAM

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	26	16	42	0	80	185	80	0
SURF	12+1/4	9+5/8	40	0	400	220	400	0
1ST	8+1/2	5+1/2	17	0	3660	835	3660	0

☐ Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- ☐ Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- ☐ Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- ☐ Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- ☐ Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 318A.a. Exception Location (GWA Windows).
- ☐ Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

☐ Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number _____

OTHER LOCATION EXCEPTIONS

Check all that apply:

☐ Rule 318.c. Exception Location from Rule or Spacing Order Number _____

☐ Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments There have been no changes to the surrounding land use.
There have been no changes to the well construction plan. Williams Fork Coal formation was added and approved per sundry (doc#400775167).
There have been no changes to the mineral lease description upon which the proposed well site is located.
The well pad has been constructed.
Distances have been updated to reflect current data.
Attached is the fee lease and a map outlining the areas that are covered under this lease. Due to the complexity, the areas covered by the lease have been highlighted and numbered. The numbers correspond to the lease description.
The lease has not changed, but the previous lease map did not show the entire lease.

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 428197

Is this application being submitted with an Oil and Gas Location Assessment application? No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Tracy Arnett

Title: Permitting Date: 1/3/2017 Email: tarnett@sginterests.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved:  Director of COGCC Date: 3/17/2017

Expiration Date: 03/16/2019

API NUMBER

05 051 06114 00

Conditions Of Approval

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

<u>COA Type</u>	<u>Description</u>
	Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operations (dated January 5, 2017).
	If conductors are preset, operator shall comply with Notice to Operators: Procedures for Preset Conductors (dated September 1, 2016, revised October 6, 2016)
	1) Operator shall comply with the most current revision of the Northwest Notification Policy. 2) Operator shall provide cement coverage from the production casing shoe (5+1/2" FIRST STRING) to a minimum of 200' above the surface casing shoe to provide isolation of all Cretaceous (Ohio Creek and Mesaverde) and Tertiary (Wasatch) oil, gas, and water-bearing sandstone and coalbed formations that are not otherwise covered by the surface casing. Verify production casing cement coverage with a cement bond log.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	The Eck 12-90-1 #1 (API #051-06107) located on the well pad was logged with open-hole Resistivity Log and Gamma Ray Log from TD into the surface casing. Additional wells drilled on the pad will have a cement bond log with gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. The Form 5, Completion Report, for each additional well on the pad will list all logs run and have those logs attached. The Form 5 for a well without open-hole logs shall clearly state "No open-hole logs were run" and shall clearly identify (by API#, well name & number) the well in which open-hole logs were run.

Total: 1 comment(s)

Applicable Policies and Notices to Operators

Policy
NW Colorado Notification Policy. http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf
Notice Concerning Operating Requirements for Wildlife Protection. http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401158175	FORM 2 SUBMITTED
401158310	WELL LOCATION PLAT
401176654	LEGAL/LEASE DESCRIPTION

Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Replaced the Logging BMP as per operator. Final review complete.	03/16/2017
Permit	The BMP for logging should be specific to this well or name another well on the pad that meets all logging criteria. Operator notified.	03/14/2017
Permit	There have been no changes in the drilling and waste program from the originally approved Form 2A. Corrected zone type from single to multiple with operator approval.	02/22/2017

LGD	<p>LGD Comments re ECK 12-90-1 #3; Document No. 401158175[02]</p> <p>The LGD of Gunnison County, Colorado submits the following comments regarding the Eck 12-90-1 permit application, Document No. 401158175[02].</p> <p>On December 14, 2012 the Gunnison County Planning Commission approved Minor Impact Certificate No. 08, Series 2012 approving Oil and Gas Operation Permits For SG Interest I, Ltd., Permit No. OG2012-02. Specific conditions of approval related to the Eck 12-90-1 gas well permit were incorporated into the recorded approval document. The LGD reincorporates those conditions of approval as comments for Document No. 401158175.</p> <p>Those conditions of approval are:</p> <ol style="list-style-type: none"> 1. This permit is limited to the description of the SG Interests I, Ltd. Eck 12-90-1 Gas Well Project. Any substantive change will require either an application for amendment of this permit, or submittal of an application for a new permit, in compliance with applicable requirements of the Temporary Oil and Gas Regulations, or as those may be hereinafter amended. 2. The applicant shall provide copies of any Spill Reports, associated with the Eck 12-90-1 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department. 3. The applicant shall provide copies of reports to the Colorado Oil and Gas Conservation Commission regarding water quality sampling, associated with the Eck 12-90-1 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department. 4. The access road shall be maintained in compliance with the Stormwater Management Plan. 5. All disturbed wetland areas shall be adequately fenced to exclude livestock until such time that the reclamation has been established. 6. Gas and water pipeline crossings of wetland areas shall be double lined. 7. All trash shall be placed in bear-proof dumpsters. 8. The applicant shall employ best management practices to ensure that generators and other loud equipment do not impact wildlife. 9. Nothing in this decision is or shall be construed to be a limitation on Gunnison County participating in any future regulatory process for said wells. 10. This permit may be revoked or suspended if Gunnison County determines that any material fact set forth herein or represented by the applicant was false or misleading, or that the applicant failed to disclose facts necessary to make any such fact not misleading. 11. Approval of this use is based upon the facts presented and implies no approval of similar use in the same or different location and/or with different impacts on the environment. Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County. 12. Approval of this permit is based upon the facts presented and implies no approval of similar use in the same or different location and/or with different impacts on the environment and community. Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County. <p>David Baumgarten</p> <p>LGD for Gunnison County</p>	01/25/2017	
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Engineer	<p>Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. There are two permitted water wells within 1 mile of this proposed surface hole location. One is permitted as a water well but is operated for drilling/oil-field fluid uses and the other shows zero for reported depths.</p> <p>Evaluated offset wells. ECK 12-90-1 #1 API #051-06107 is a vertical well with production casing set at 4740' with TOC at 500'. The wellbore is 140' from this proposed directional wellbore bottomhole that is planned at a TVD of about 3660'. No mitigation required. Notes in the Eck 12-90-1 #1 COGCC well file indicate plans are to complete the Cameo but the Cameo is not permitted at the time of this review. This permit for the Eck 12-90-1 3 lists Rollins and Williams Fork Coal as objectives. The Cameo and Williams Fork Coal are the same formation.</p>	01/09/2017
Permit	Passes completeness.	01/06/2017

Total: 7 comment(s)